STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Ameren Illinois Company d/b/a Ameren Illinois	:	
	:	Docket No. 14-0097
Petition for Approval of Tariffs Associated with the Small Volume Transportation Program.	:	

REPLY BRIEF OF THE STAFF OF THE ILLINOIS COMMERCE COMMISSION

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January 23, 2015

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I. Introduction

Staff of the Illinois Commerce Commission ("Staff"), by and through its counsel, pursuant to the direction of the Administrative Law Judges ("ALJ") and Section 200.800 of the Illinois Administrative Code (83 Ill. Adm. Code 200.800), respectfully submits this Reply Brief in the above-captioned matter.

II. Procedural History

Ameren Illinois Company d/b/a Ameren Illinois (Ameren) initiated this proceeding by filing its petition with attached Small Volume Transportation (SVT) tariffs on January 31, 2014, pursuant to direction of the Commission as more fully set forth *infra*. (*See, generally*, Petition). Thereafter, a number of parties, including the People of the State of Illinois (AG) the Citizens Utility Board (CUB), the Retail Energy Supply Association

(RESA), the Illinois Competitive Energy Association (ICEA), Interstate Gas Supply of Illinois, Inc. (IGS), and Prairie Point Energy L.L.C. d/b/a Nicor Advanced Energy (Nicor) filed petitions to intervene or otherwise sought intervention.

The parties prefiled their respective testimony. Thereafter, Ameren filed supplemental testimony which, in summary and not verbatim, alleged that the costs associated with implementation of an SVT program would be considerably greater than those originally estimated, and seeking direction from the Commission as to whether it continued to view such implementation as advisable given the ostensibly changed circumstances, and suggesting that another form of SVT plan might be approved. The parties filed additional testimony regarding this issue whereupon a hearing was convened before a duly-appointed Administrative Law Judge, with testimony taken and proof otherwise adduced. (Tr. 60-406.)

Initial Briefs (IB) were filed by Ameren, Nicor, AG/CUB (jointly) and RGS/ICEA/RESA (jointly), and Staff on January 7, 2015.

III. Continuation of SVT Program

Ameren has changed its position on whether to continue with the program. In previous dockets and initially in this docket, it described itself as "neutral" regarding gas customer choice. (Ameren Ex. 4.0, 10; *see also* Ameren Illinois Company d/b/a Ameren Illinois, ICC Docket No. 13-0192, Ameren Ex. 1.0, 6.) That is no longer the case. (Ameren IB, 9-22.) Among other reasons, Ameren cites its analysis of benefits to support its revised opinion that the benefits to customers from SVT are not sufficient to cover the service's costs. (Ameren Ex. 4.1.) AG/CUB agrees. (AG/CUB IB, 6-17.) Such a reversal in position during docketed proceedings is unusual in Staff's experience.

RGS/ICEA/RESA argue that the Commission should not depart from its existing order requiring Ameren to implement SVT. (RGS/ICEA/RESA IB, 6-7.) It maintains that the facts of the case have not changed, and the Commission has already permitted Ameren to recover the costs to implement the SVT program. Id. at 9-12.

If it is to accept Ameren's altered position, the Commission must be confident in both the cost and benefit estimates offered by Ameren in this case. There are reasons, however, to view both elements with some skepticism. In their IB, RGS/ICEA/RESA support their assertions that the Ameren analysis exaggerates the cost to implement SVT. (RGS/ICEA/RESA, 12-23.) Their IB also offers their own benefits analysis. Id. at 7-9.

On the cost side, in Docket No. 13-0192 Ameren first estimated costs would amount to $7.6 million in direct testimony, then subsequently raised that estimate to $10.6 million in rebuttal testimony, which Ameren was allowed to include in its regulated cost recovery. (Ameren Illinois Company d/b/a Ameren Illinois, ICC Docket No. 13-0192, Ameren Ex. 26.0, 29; *see also* RGS/ICEA/RESA IB, 15-16.) In the instant proceeding, Ameren did not adjust its SVT cost estimates until it filed its Supplemental Direct Testimony, in which it raised its SVT cost estimates by an incremental $22 million above what it has already spent. (Ameren Ex. 4.0, 11.) However, information developed by RGS/ICEA/RESA calls into question Ameren's claims that all Phase 1 costs were necessary for the SVT program. (RGS/ICEA/RESA IB, 15-20.) Conversely, Ameren continues to claim that it had to incur the Phase 1 costs in order to develop the SVT. (Ameren IB, 17.) Ameren also defends its spending on Phase 1 as prudent expenditures absent the SVT program. Id.

RGS/ICEA/RESA further argue that Ameren exaggerated Phase 2 costs. (RGS/ICEA/RESA IB, 20-23.) Ameren defends those estimates. (Ameren IB, 12-16.)

On the benefits side, Ameren and RGS/ICEA/RESA take opposite positions. Ameren studied the potential benefits available from SVT by analyzing market opportunities. (Ameren Ex. 4.1.) It concluded that suppliers could not compete with PGA supplies. (Id.) RGS/ICEA/RESA, on the other hand, noted that unregulated sellers can sell various services that a utility is unable to supply, such as fixed price products. Further, alternative gas suppliers (AGSs) can bundle items such as smart thermostats with gas supply to provide value as well. (RGS/ICEA/RESA IB, 7-9.)

Staff noted that it is possible to have an active SVT program without municipal aggregation. (Staff IB, 4.)

Staff suggested that the Commission was presented with three options. One, approve the tariffs and order Ameren to implement SVT as in its previous order. Two, order a more thorough investigation of costs versus benefits in this docket and await those results before deciding on the program's fate. Three, agree with CUB-AG and Ameren that net benefits to customers appear unlikely and shut down the SVT program. (Staff IB, 4-5.) One basis for the Commission's decision regarding which alternative to choose is the degree to which the Commission is certain about the relative balance between costs and benefits. Id. at 5.

Finally, regardless which alternative the Commission chooses, the Staff recommends that the Commission not rule on whether any planned or actual spending is prudent and/or should be recovered by Ameren. That decision must be made in a rate case rather than this docket. Id. at 4.

IV. SVT Programmatic Proposals

A. Uncontested Issues

1. Uncontested Tariff Proposals By AIC

2. Definition of Weighted Average Cost of Gas (“WACOG”) to be Used in Rider GTA

3. Calculation of Inventory Sales Price

4. Price to Compare (“PTC”)

5. Legal Ownership Concerns

B. Contested Issues

1. Display of Price-to-Compare (“PTC”) on SVT Customer Bills and Tariff Language Regarding Notification of PTC

AG/CUB argued that the Commission should require Ameren to include the current PGA rate on each customer’s monthly bill. It asserted that this would provide price transparency to customers. (AG/CUB IB, 18-19.) No other party supported this proposal. Ameren urged the Commission to reject the proposal, arguing that because it might confuse customers, since the PGA rate is not the same as a market price. (Ameren IB, 34-35.) Each month the PGA rate results from all gas purchases, plus any adjustments Ameren makes based on past months’ activity. Id. at 34. Ameren recommends instead that the Commission make this information available on its website. Id. Both ICEA/RESA and RGS oppose this requirement as well, citing customer confusion. (RGS/ICEA/RESA IB, 42-44.) In addition, RGS notes that many suppliers offer fixed price services, which are more difficult to compare with a variable PGA rate. Id. at 43-44. Staff prefers its proposed alternative that the bill include a reference to the Commission’s Natural Gas

Choice webpage rather than the monthly PGA rate, for the reasons articulated in Staff's IB. (Staff IB, 6.)

2. Rescission Period for Non-Residential Customers with Annual Usage >5,000 Therms

Staff, RGS and ICEA/RESA agree that the tariff should be amended to eliminate the 10-day rescission period for customers with usage greater than 5,000 therms. (Staff IB, 7; RGS/ICEA/RESA IB, 44-47.) Ameren opposes this change for three reasons. One, different periods for different customer groups is confusing, since some customers are eligible for more than one transportation tariff. (Ameren IB, 38.) Two, one rescission period for all transportation customers is not an impediment to competition. Ameren notes that the electric choice program has just one period, without impairing switching levels. Id. at 39. Three, a single rescission period for all customers relieves Ameren from the burden of tracking its customers' usage levels. Id. at 39-40.

Staff continues to recommend that the rescission period be eliminated for larger transportation customers. (Staff IB, 7.) While Ameren argues, using the electric choice market as an example, that it is not an impediment to the retail market (Ameren IB, 40), the marketers argue that it does adversely affect their ability to make competitive offers (RGS/ICEA/RESA IB, 46). Other gas utilities with SVT programs do not mandate rescission windows. (Staff IB, 7.) The Commission should not approve the Company-mandated 10-day rescission period.

3. Nomination Schedules

4. 200% Penalty for Non-Delivery

5. Calculating the Cost for Capacity Release

6. Asset Allocation Periods

Ameren opposes monthly asset re-allocations for several reasons. In summary, Ameren expresses concern that monthly re-allocations could be extremely complex. (Ameren IB, 52, *et seq.*) Ameren argues that that complexity jeopardizes its reliability and unnecessarily increases its costs. Id. at 52-54. RGS, on the other hand, protest that the annual re-allocations increase their costs, as they must rely on utility gas to supply their customers if they increase market share. (RGS/ICEA/RESA IB, 54-55.) RGS proposes a trigger of +/- 10 percent change in demand to lead to a re-allocation of assets, or in the alternative make the supplier responsible for any incremental capacity needed to supply customers. Id. Thus, while it could occur in any month, it would not occur every month. Id. Staff agrees that Ameren's proposal is overly restrictive, and, particularly early in the SVT program, there could be a mismatch between the original allocation and MDQs. (Staff IB, 7-8.) The marketers note that other LDCs re-allocate more than once a year. (RGS/ICEA/RESA IB, 55.)

7. Combined Billing / Billing Agents Receiving Gas/Electric Information

8. Customer Complaint Tracking and Reporting

AG/CUB proposed to require that Ameren's SVT tariff mandate reporting on patterns of customer complaints. (AG/CUB IB, 20-21.) The marketers and Ameren oppose the provision, since there are existing processes to gather the information. In addition, Ameren argues that the provision is vague. (Ameren IB, 58-59.) Staff does not have a strong position on this issue. That is, while it is important for the Commission and its Staff to become aware of problems as soon as possible, it is not clear that a tariff provision is required for that information to be transmitted to interested parties. (Staff IB, 8.)

9. Inclusion of Consumer Protections in Contract Offers

AG/CUB proposes to include the consumer protections approved in Docket No. 13-0192 on AGS contract offers. (AG-CUB IB, 21-23.) Staff supports this idea, as it remains the best way to communicate the protections to prospective customers. (Staff IB, 8-9.) RGS opposes this provision, in part for legal reasons, and in part, because of those legal reasons, the Final Order in Docket No. 13-0192 is under appeal. (RGS/ICEA/RESA IB, 60-61.) ICEA/RESA does not oppose putting two of the provisions on the contract offer, but does not believe it makes sense to include the third provision for contracts without a termination fee. Id. at 61-62. While these matters are currently under appeal, they have neither been overturned or stayed, and there is no reason to assume that they will be. In keeping with the current Commission practice, the Commission should include these protections in the instant docket.

10. Requirement to File Tariff Allowing Alternative Gas Suppliers ("AGS") to Issue Single Bills

11. Other

V. Conclusion

WHEREFORE, Staff of the Illinois Commerce Commission respectfully requests that its recommendations be adopted in their entirety consistent with the arguments set forth herein.

Respectfully submitted,

_/s/______________________
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